



Auditor of Public Accounts
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FOR IMMEDIATE RELEASE

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Edelen Releases Audits of Fulton County Sheriff's Office

FRANKFORT, Ky. – State Auditor Adam Edelen today released the audits of the 2009 and 2010 financial statements of the Fulton County Sheriff, Robert Hopper. State law requires the Auditor to annually audit the accounts of each county sheriff. In compliance with this law, the Auditor issues two sheriff's reports each year: one reporting on the audit of the sheriff's tax account and the other reporting on the audit of the fee account used to operate the office.

The audits found that the Sheriff's financial statement presents fairly the revenues, expenditures, and excess fees of the Fulton County Sheriff in conformity with the regulatory basis of accounting.

As part of the audit process, the auditor must comment on non-compliance with laws, regulations, contracts and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audits contain the following comments:

2009

- **The Fulton County sheriff should eliminate the \$1,431 deficit in his official fee account due to unallowable expenditures.** The Fulton County sheriff has a deficit of \$1,431 for calendar year 2009 due to paying expenditures that did not have any supporting documentation or were not an allowable expense. The Fulton County sheriff did not maintain supporting documentation for \$955 in credit card charges, paid fee expenditures late incurring late fees and finance charges of \$393 and paid for \$83 for nonofficial items from the fee account. These types of expenditures are not allowable based on Funk v. Milliken, 317 S.W.2nd 499 (KY 1958). Maintaining proper supporting documentation of expenses is essential for providing evidence of reasonableness and necessity for official use. Without proper supporting documentation, the expenditure is disallowed, resulting in reimbursement by the official to the fee account for the

expenditure. We recommend the sheriff maintain proper supporting documentation of all fee expenditures. We also recommend the sheriff implement control procedures to insure the proper supporting documentation is present before a check is written for any expenditure. We recommend that the Fulton County sheriff eliminate the deficit by depositing \$1,431 from his personal funds into his official fee account and then remit the \$1,431 as excess fees to the fiscal court.

Sheriff Robert Hopper's Response: "I was out of office with medical problems and when I came back I had to let my bookkeeper go. A large majority of the receipts couldn't be found. They were supposed to be kept in a folder that couldn't be located. I called and retrieved several receipts. Due to several of the receipts being out of town and too old for the businesses to still I was unable to acquire all of the receipts."

- **The Fulton County sheriff should batch receipts daily and make timely deposits.** KRS 68.210 gives the state local finance officer the authority to establish minimum accounting requirements, which includes batching receipts on a daily basis and making deposits timely which should be made once the sheriff has collected at a minimum \$500 or more. Additionally, the practice of batching receipts daily and making timely deposits reduces the risk of misappropriation of cash, which is the asset most subject to possible misappropriation. The Fulton County sheriff makes a couple of deposits a week, usually greater than \$500. We recommend that the sheriff batch receipts daily and make deposits timely.

Sheriff Robert Hopper's Response: "Receipts are batched daily now. We were told by previously auditors that as long as they didn't go over \$500.00 we didn't have to do this daily. Again with me being out on medical I was unable to oversee this but it will happen now."

- **The Fulton County sheriff's quarterly financial report should be complete and accurate.** The Fulton County sheriff's 4th quarter financial report for calendar year 2009 was incomplete and inaccurate. The sheriff's quarterly financial report submitted to the fiscal court and the Department for Local Government did not reflect the correct amount of fee receipts and expenses of the sheriff's office or report the status of all funds maintained by the sheriff and numerous adjustments had to be made. The sheriff did not maintain detail receipt and disbursement ledgers for all fee monies received and expended during the year. KRS 68.210, 43.075(3) requires the sheriff to maintain accurate records which support amounts reported on quarterly financial report and report status of all funds in the official's charge. We recommend that the Fulton County sheriff maintain detail ledgers which support the amounts reported on the quarterly financial report and complete the quarterly financial report with all required information submitted within time required.

Sheriff Robert Hopper's Response: "Again I thought this was being done and will work with my new book keeper to see that everything is accurate."

- **The Fulton County sheriff should prepare an annual settlement of excess fees at the close of each calendar year that should be approved by fiscal court and published in the local newspaper.** The Fulton County sheriff did not prepare an annual settlement of excess fees for calendar year 2009. KRS 134.192(11) requires the sheriff to file a complete statement of all funds received by his office for official services, showing separately the total

income received by his office for services rendered, exclusive of his commissions for collecting taxes, and the total funds received as commissions for collecting state, county, and school taxes; and a complete statement of all expenditures of his office, including his salary, compensation of deputies and assistants, and reasonable expenses. Any excess of receipts over expenditures should be paid to the fiscal court as excess fees. KRS 424.220 requires the sheriff to publish this annual settlement within 60 days after the close of the calendar year or opt to publish the audit report. We recommend the sheriff prepare an annual settlement of his accounts, pay excess fees to fiscal court, and comply with publication requirements.

Sheriff Robert Hopper's Response: "The publication wasn't taken care of and will be taken care of at the right time from this time forward."

- **The Fulton County sheriff's office should maintain timesheets to support payroll expenses and properly account for any overtime hours.** The Fulton County sheriff's office did not require time records to support payroll expenses for calendar year 2009. Without proper timesheets the sheriff would not be able to verify hours worked and if anyone worked overtime and needed to be compensated for overtime. KRS 337.320 requires employers to keep a record of the hours worked each day and each week by each employee. Also, KRS 337.285 requires overtime be paid or compensatory time given for hours worked over 40 hours a week. The Fulton County sheriff has a policy regarding overtime stating that any overtime worked will be accounted for as compensatory time. We recommend the Fulton County sheriff require all employees to submit timesheets for hours worked and account for any overtime earned as compensatory time.

Sheriff Robert Hopper's Response: "My employees were satisfied with the amount of off time that they had and we are all sure that they donated some personal time that they couldn't take off for."

- **The Fulton County sheriff's office lacks an adequate segregation of duties.** The Fulton County sheriff's office lacks of adequate segregation of duties over the all accounting functions of the sheriff's office. The sheriff's bookkeeper is responsible for receiving cash, preparing the daily bank deposits, posting cash receipts to the ledger, preparing the monthly bank reconciliation and also comparing the monthly, quarterly and annual reports to the receipts and disbursements ledger. She is also responsible for preparing and signing checks as well as posting to the disbursements ledger and preparing financial reports. A proper segregation of duties is essential for providing protection from asset misappropriation and/or inaccurate financial reporting to external agencies, such as the Department of Local Government, which could occur but go undetected. This condition is a result of a limited budget, which restricts the number of employees the sheriff can hire.

In order to adequately protect against misappropriation of assets and/or inaccurate financial reporting, the Fulton County Sheriff should separate the duties involved in receiving cash, preparing bank deposits, posting cash receipts to the ledger, preparing the monthly bank reconciliation, comparing the monthly, quarterly and annual reports to the receipts and disbursements ledger, writing checks, posting to the disbursements ledger as well as preparing the financial report. If, due to a limited budget, this is not feasible, a strong oversight over these areas should be implemented and involve an employee not currently performing any of those functions.

Sheriff Robert Hopper's Response: "During part of this time frame we were short handed as for the staff we normally have. A lot of items checked by other personnel was not initialed to show that it happened."

2010

- **The Fulton County sheriff should eliminate the \$5,722 deficit in his official fee account.** The Fulton County sheriff has a deficit of \$5,722 for calendar year 2010 due to paying expenditures that did not have any supporting documentation or were not an allowable expense. The Fulton County sheriff did not maintain supporting documentation for \$1,291 in credit card charges, paid fee expenditures late incurring late fees and finance charges of \$406 and paid for \$4,025 for nonofficial items from the fee account. These types of expenditures are not allowable based on Funk v. Milliken, 317 S.W.2nd 499 (KY 1958). Maintaining proper supporting documentation of expenses is essential for providing evidence of reasonableness and necessary for official use. Without proper supporting documentation, the expenditure is disallowed, resulting in reimbursement by the official to the fee account for the expenditure. We recommend the sheriff maintain proper supporting documentation of all fee expenditures. We also recommend the sheriff implement control procedures to insure the proper supporting documentation is present before a check is written for any expenditure. We recommend that the Fulton County sheriff eliminate the deficit by depositing \$5,722 from his personal funds into his official fee account and then remit the \$5,722 to fiscal court as excess fees.

Sheriff Robert Hopper's Response: "Part of this money was spent by mistake while I was off sick. I agree that is should not have been spent. When I found out it had been I knew it had to be returned but waited to see how it should be done. The rest I believe are legitimate expenses but receipts were lost."

- **The Fulton County sheriff should batch receipts daily and make timely deposits.** KRS 68.210 gives the state local finance officer the authority to establish minimum accounting requirements, which includes batching receipts on a daily basis and making deposits timely which should be made once the sheriff has collected at a minimum \$500 or more. Additionally, the practice of batching receipts daily and making timely deposits reduces the risk of misappropriation of cash, which is the asset most subject to possible misappropriation. The Fulton County sheriff makes a couple of deposits a week, usually greater than \$500. We recommend that the sheriff batch receipts daily and make deposits timely.

Sheriff Robert Hopper's Response: "We were told by previous auditors that daily deposits didn't have to be made if the amount was small. We have now started daily deposits regardless how small."

- **The Fulton County sheriff's quarterly financial report should be complete and accurate.** Prior to being amended the Fulton County sheriff's 4th quarter financial report for calendar year 2010 did not agree to sheriff's records. The sheriff's quarterly financial report submitted to the fiscal court and the Department for Local Government did not reflect the correct amount of fee receipts and expenses of the sheriff's office. The sheriff did not maintain detail receipt and disbursement ledgers for all fee monies received and expended during the year. KRS 68.210, 43.075(3) requires the sheriff to maintain accurate records which support amounts reported on quarterly financial report. We recommend that the Fulton County sheriff maintain detail ledgers

which support the amounts reported on the quarterly financial report and complete the quarterly financial report with all required information submitted within time required.

Sheriff Robert Hopper's Response: "I was unable to review the the quartly reports but hopefully with a new book keeper this will be fixed."

- **The Fulton County sheriff should prepare an annual settlement of excess fees at the close of each calendar year that should be approved by fiscal court and published in the local newspaper.** The Fulton County sheriff did not prepare an annual settlement of excess fees for calendar year 2010. KRS 134.192(11) requires sheriff to file a complete statement of all funds received by his office for official services, showing separately the total income received by his office for services rendered, exclusive of his commissions for collecting taxes, and the total funds received as commissions for collecting state, county, and school taxes; and a complete statement of all expenditures of his office, including his salary, compensation of deputies and assistants, and reasonable expenses. Any excess of receipts over expenditures should be paid to the fiscal court as excess fees. KRS 424.220 requires the sheriff to publish this annual settlement within 60 days after the close of the calendar year or opt to publish the audit report. We recommend the sheriff prepare an annual settlement of his accounts, pay excess fees to fiscal court, and comply with publication requirements.

Sheriff Robert Hopper's Response: "This was an oversight that will be fixed."

- **The Fulton County sheriff's office should maintain timesheets to support payroll expenses and properly account for any overtime hours.** The Fulton County sheriff's office did not require time records to support payroll expenses for calendar year 2010. Without proper timesheets the sheriff would not be able to verify hours worked and if anyone worked overtime and needed to be compensated for overtime. KRS 337.320 requires employers to keep a record of the hours worked each day and each week by each employee. Also, KRS 337.285 requires overtime be paid or compensatory time given for hours worked over 40 hours a week. The Fulton County sheriff as a policy regarding overtime stating that any overtime worked will be accounted for as compensatory time. We recommend the Fulton County sheriff require all employees to submit timesheets for hours worked and account for any overtime earned as compensatory time.

Sheriff Robert Hopper's Response: "My employees were satisfied with the amount of off time that they had and we are sure that they donated some of their time willingly due to the fact that we don't have enough paid personnel to cover everything that needs to be done."

- **The Fulton County sheriff's office lacks an adequate segregation of duties.** The Fulton County sheriff's office lacks of adequate segregation of duties over the all accounting functions of the sheriff's office. The sheriff's bookkeeper is responsible for receiving cash, preparing the daily bank deposits, posting cash receipts to the ledger, preparing the monthly bank reconciliation and also comparing the monthly, quarterly and annual reports to the receipts and disbursements ledger. She is also responsible for preparing and signing checks as well as posting to the disbursements ledger and preparing financial reports. A proper segregation of duties is essential for providing protection from asset misappropriation and/or inaccurate financial reporting to external agencies, such as the Department of Local Government, which

could occur but go undetected. This condition is a result of a limited budget, which restricts the number of employees the sheriff can hire.

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Sheriff Robert Hopper's Response: "We were even more shorthanded during this time period and although some items were rechecked by the deputies this was not always noted"

The auditor's office has referred these audits to the attorney general.

The Sheriff's responsibilities include collecting property taxes, providing law enforcement and performing services for the county fiscal court and courts of justice. The Sheriff's office is funded through statutory commissions and fees collected in conjunction with these duties.

This report, in its entirety, can be accessed at the following Internet site: [here](#).

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The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

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